



Congressman Pitts "cautiously optimistic" on economic recovery

Numbers released recently by the Department of Commerce confirm that our economy continues to grow at a blistering pace. Several weeks ago an unofficial estimate had the economy growing at an annual rate of 7.2 percent in the third quarter of 2003. Analysts said this would drop, because it usually does. But the more accurate revised number shows the economy growing at an annual rate of 8.2 percent. This is the fastest rate of growth since 1984.

American manufacturing is growing at a rate not seen in nearly two decades. Leading national economists predicted that growth in the sector would remain stagnant in October. Instead, it posted its strongest showing since December 1983. Demand continues to increase for manufactured products.

Construction spending jumped a full percentage point in October, setting a record for the fourth straight month. Consumer

See "Recovery" on page 3...



Congressman Pitts met recently with officials at the National Association of Manufacturers to discuss challenges facing America's manufacturers.

Latest Economic Indicators

Real GDP

4.0% for Q4 2003

Personal Income

+0.5% in November 2003

Jobless Claims

341,000 for the week of January 12, 2004

SOURCE: Department of Commerce and www.economicindicators.gov

Omnibus protects Amish

On January 22, 2004, the Senate passed H.R. 2673, the Fiscal Year 2004 Consolidated Appropriations Act (also known as the Omnibus), ensuring that the Amish way of life will be protected from hefty fines levied by the Department of Labor (DOL). A key element of Amish life – youth apprenticeships – has been under fire by DOL for years. After the completion of their formal schooling at the end of eighth grade, Amish youth traditionally prepare for their vocation through

See "Amish" page 2...

Amish protected by Omnibus bill

Continued from page 1...

apprenticeships with fathers or uncles. Historically, Amish have worked almost exclusively in agriculture. However, as farmland in many parts of the country continues to diminish, more and more Amish are entering other trades, mostly in woodcraft and carpentry. As their religious beliefs prohibit the Amish from attending school beyond eighth grade, they do not have the benefit of or access to “shop” class or vocational programs that “English” youth have.

However, several Amish employers have been fined *up to \$20,000* by DOL for technical



violations of child labor laws, which prevent them from allowing youth to even sweep sawdust or stack and sort wood on premises where woodworking tools are used – despite the fact that minors working in agriculture are exempt from child labor laws altogether. That is why I

introduced H.R. 1943, which allows Amish youth to work in non-agricultural settings, but requires them to stay a safe distance from dangerous machinery.

The bill contains several important provisions to ensure the safety of Amish youth.

H.R. 1943 was incorporated into the Omnibus

Appropriations bill, which passed the House on December 8, 2003. I am extremely pleased that the Senate finally worked through its difficulties and voted to protect the Amish community. President Bush signed the omnibus into law on January 23, 2004.

Lancaster Women’s Business Center

On December 11, 2003, the U.S. Small Business Administration announced the addition of 11 new sites, in seven states, to the SBA’s Women’s Business Center (WBC) Program – one of which, Community First Fund, is located in Lancaster. With over 10 million women-owned small businesses in the country, WBCs provide long term training, counseling, and mentoring services to women entrepreneurs who want to start or grow small businesses. The 11 new WBC sites will share \$1,650,000 in SBA funding, to be distributed among the centers.

Each site is required to match a portion of the federal funds with private contributions, and services are tailored to the

community in which the WBC is located. The WBC program provides funding for an initial five-year term.

With the additional sites, the WBC program now has 91 community-based centers in 48 states, the District of Columbia, Puerto Rico, the Virgin Islands and American Samoa. Last year, the WBC program served more than 102,528 clients nationwide. The centers are located in rural, urban and suburban areas, and direct much of their training and counseling assistance toward economically disadvantaged women. They offer many innovative programs, including financial management, marketing and technical assistance,

procurement training, Internet training, and mentoring in several different languages. The centers also provide specialized programs that address issues facing displaced workers or rural home-based entrepreneurs.

The program also offers an online Women’s Business Center that can be accessed 24 hours a day at www.onlinewbc.gov. For more information on the SBA’s Women’s Business Center Program, contact your local SBA office or visit the Office of Women’s Business Ownership’s home page at www.sba.gov/financing/special/women.html.

Congressman Pitts “cautiously optimistic” on economic recovery

Continued from page 1...

confidence continued to grow in October. The first holiday shopping weekend had record-breaking retail sales. Within days after the Department of Commerce reported that the economy grew faster than it originally estimated in the third quarter, news came that productivity surged at an annual rate of 9.4 percent, the best showing in 20 years, in the third quarter.

This number also exceeded the government's initial estimate of 8.1 percent, and the second quarter's productivity rate of 7 percent. Increased productivity means that businesses are producing more per worker, generating more profits, and paying higher wages without increasing prices.

Unemployment claims dropped to the lowest level in almost three years. In November, the unemployment rate dropped from 6.0 percent to 5.9 percent in November. This is significant. Unemployment typically increases during the initial stages of a recovery (as more people look for jobs). During this recovery, the unemployment rate peaked at just 6.4 percent. During the recessions and recoveries of the 1980s and 1990s, the unemployment rate peaked at 10.8 percent and 7.8 percent, respectively. So, it appears that the worst has past.

Several other numbers suggest that the employment rebound is broadening and will continue. The manufacturing workweek increased by twelve minutes over the month and has risen by forty-two minutes since July. Factory overtime also has risen

in recent months. These developments may suggest that manufacturers will soon begin hiring more workers as they become convinced demand is strong.

Based on the payroll survey, the pace of job losses in manufacturing has eased in recent months. After several months of depressing news in the manufacturing sector, this is evidence of stabilization in manufacturing employment. Many economists believe that tax relief is driving this recovery. When people get to keep their own money, their spending decisions are far better for our nation than Washington's (or Harrisburg's). There is reason to be cautiously optimistic, but there is still work to be done. As we turn the corner of this economic slowdown, the recovery will likely create new opportunities for all Pennsylvanians.

SBA, Labor Department partner to promote entrepreneurship among people with disabilities

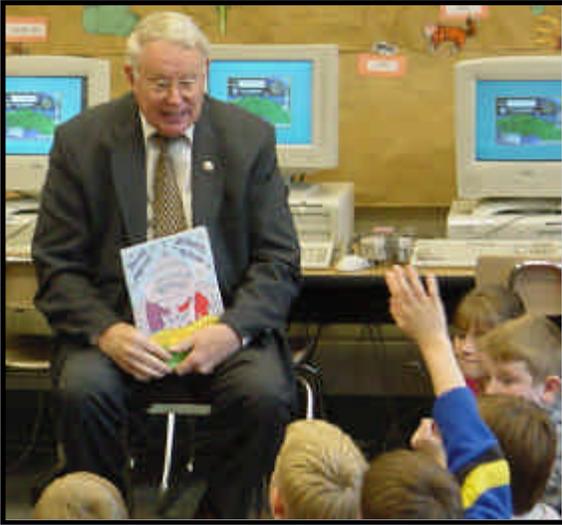
U.S. Small Business Administration Administrator Hector V. Barreto and Labor Secretary Elaine L. Chao joined together in December in signing a Strategic Alliance Memorandum designed to help people with disabilities pursue small business ownership and increase their employment opportunities in small businesses.

“The New Freedom Small Business Initiative” agreement is

designed to assist adult workers in acquiring the skills and resources they need to successfully begin and operate a small business and to educate small business owners about hiring people with disabilities. The two departments will cooperate to encourage people with disabilities to pursue small business ownership, provide them with technical assistance, and encourage small businesses to hire people with disabilities. The

initiative also is meant to build the capacity of the workforce system to serve people with disabilities and support their entrepreneurship through economic development and coordination of small business activities among federal departments.

Copies of the Initiative are available by accessing www.dol.gov/odep or www.sba.gov.



Congressman Pitts recently visited Fulton Elementary School in Ephrata to read "House Mouse, Senate Mouse" and answer questions from the students.

HSAs up and running

On January 1, 2004 Health Savings Accounts (HSAs) became available to working age Americans of all ages.

Any individual who is covered by a high-deductible health plan may establish an HSA. Amounts contributed to an HSA belong to individuals and are completely portable. Every year the money not spent would stay in the account and gain interest tax-free, just like an IRA. Unused amounts remain available for later years. Tax-advantaged contributions can be made by individual and family members, the individual's employer, and employers with cafeteria plans can allow employees to contribute untaxed salary through a salary reduction plan.

Funds distributed from the HSA are not taxed if they are used to pay qualifying medical expenses. To encourage saving for health expenses after retirement, HSA owners between age 55 and 65 are allowed to make additional catch-up contributions (\$500 in 2004) to their HSAs.

CONGRESSMAN JOSEPH R PITTS
204 CANNON HOUSE OFFICE BUILDING
WASHINGTON DC 20515



M.C.